



# NEWS RELEASE

## COUNCIL PRESIDENT SCOTT PETERS

### First District

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**Contact:** Pam Hardy  
Communications Director

**Phone:** 619-236-7294  
619-980-8429

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**E-mail:** phardy@sandiego.gov

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### **Council President Peters Calls Pension Deficit “Challenging”**

SAN DIEGO -- Today, Council President Peters called the city’s pension deficit “a challenge, but one that our city can handle in time.”

The San Diego City Employees Retirement System board announced this morning that the city will owe \$162 million toward the pension system for fiscal year 2007. They also revealed that the system’s unfunded liability stands at \$1.43 billion, significantly lower than the anticipated \$2 billion.

Peters expressed relief that the pension numbers were not as high as some had suggested, but recognized that any increase in the city’s payment has consequences. “I’m pleased that this year’s payment is actually smaller than last year’s, but we still face the challenge of finding that money in the budget while protecting vital city services.”

For the first time since 1996, beginning last year the city council committed to pay the full amount that the retirement board’s actuary said was owed. For fiscal year 2006, San Diego paid \$163 million into the pension system, \$3 million more than the required payment. The FY2007 payment is lower due in part to the pension system’s increased investment earnings.

Peters asked San Diegans to keep today’s announcements in perspective. “The next few years will continue to test our resolve, but I’m confident that our pension problems are not insurmountable. Each year we’ll move that much closer to catching up on our debt and restoring the community services taxpayers rely on.”

Peters’ optimism is reinforced by recent reports from Moody’s Investor service. In a February, 2006 report, analysts stated that San Diego’s fiscal problems were significant but manageable. In 2005 they stated, “the city’s liquidity, though narrow, is adequate and its underfunding of its pension system is fundamentally a manageable, long-term problem.”

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